



**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to Implement the Commission's Procurement Incentive Framework and to Examine the Integration of Greenhouse Gas Emissions Standards into Procurement Policies.

Rulemaking 06-04-009  
(Filed April 13, 2006)

**ENERGY RESOURCES CONSERVATION  
AND DEVELOPMENT COMMISSION  
OF THE STATE OF CALIFORNIA**

In the Matter of

## AB 32 Implementation: Greenhouse Gases.

Docket 07-OIIP-01

**SACRAMENTO MUNICIPAL UTILITY DISTRICT'S REPLY COMMENTS ON TYPE  
AND POINT OF REGULATION ISSUES FOR THE ELECTRIC SECTOR**

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December 17, 2007

## **SACRAMENTO MUNICIPAL UTILITY DISTRICT'S REPLY COMMENTS ON TYPE AND POINT OF REGULATION ISSUES FOR THE ELECTRIC SECTOR**

In accordance with the California Energy Commission's (CEC) regulations and the Rules of Practice and Procedure of the California Public Utilities Commission (CPUC) the Sacramento Municipal Utility District (SMUD) provides the following brief reply comments on the Administrative Law Judges' Ruling Requesting Comments on Type and Point of Regulation Issues ("Ruling"). These reply comments are being provided to both the CEC and the CPUC.

SMUD's commitment and investment in low carbon and renewable resources is commendable. SMUD's publicly elected Board has time and again ensured that SMUD remain a low carbon utility. SMUD does not need additional state supervision to continue its commitments in this regard. In addition and without repeating its initial response to question 12 filed on December 3rd regarding regulation of publicly owned utilities,<sup>1</sup> SMUD wishes to point out that its recommended method of allocating allowances starting with a historic allocation and ending at benchmark removes the need to provide specific command and control levels of energy efficiency, renewable generation, etcetera for any load serving entity (LSE). By moving to a benchmark system all entities will be facing a strong incentive to reduce the amount of carbon in their generation. Each entity will see the direct cost of high carbon resources and will find the most cost effective way for that LSE to reduce carbon. As we have stated in many earlier filings, each LSE is in a slightly different situation. A one size fits all target would fail the requirement in AB 32 to find the most cost effective carbon reduction solutions. (Cal. Health and Safety Code Section 38561[a].)

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<sup>1</sup> *Sacramento Municipal Utility District's Comments on Type and Point of Regulation Issues for the electric Sector, R. 06-04-009 & Docket No. 07-PIIO-01, pp. 8-9, Dec. 3, 2007.*

SMUD supports the legal argument made in response to comments of other parties on this issue by the California Municipal Utilities Association.

Dated: December 17, 2007

Respectfully submitted,

/s/

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